

A Step by Step Guide to Reform Public Distribution Scheme in Telangana

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HYDERABAD: This newspaper reported that Telangana has 89 lakh ration cards compared to the total 85 lakh households. Thus 4 lakh cards are clearly bogus. It is further estimated that nearly 30 per cent BPL cards have been issued to ineligible households as there are only 25 lakh households in that category.

Each BPL/AAY/APL household is entitled to 35 kg of rice per month. The central allocation of rice for Telangana is 114,000 tonnes/month. This spread over 89 lakh cards means that each card can only get 12.8 kg/month. In practice the ration shopkeeper further 'rations' the allocation to 4 kg/person instead of 35 kg per household. The cardholder is ignorant of his entitlement as the ration card does not indicate it. The shopkeeper has become the final allocation authority! Government officials are aware of this and take no steps to stop it as they have issued the excess cards knowing full well that there is not enough rice to cover the 35 kg entitlement.

The price charged as per the Centre for rice varies for different households: Rs 8.30/kg for APL, Rs.5.65/kg for BPL and Rs.3/kg for AAY. However, in the undivided State, rice was sold to BPL /AAY households at only Rs.1/kg. This gives the ration shopkeeper scope for more manipulation

Firstly, he sells the allocation on his bogus card collection in the market at an estimated Rs.16/kg in fact he sells it to the same card holders who are pathetically grateful for this "favour" as the open market prices is around Rs.35/kg.

Secondly, he can also sell 35 kgs (or more) to the more aware APL cardholders, collectrs.8.30/kg and record that quantity as having been sold to BPL at Re 1/kg. He then remits only "BPL" payment at the rate of Rs.1/kg. A clean profit of Rs.7.30/kg!

No one but his friendly government inspector will even try to find out. This way the subsidy scheme is diverted from its intended effect. All it does is produce a rich ration shopkeeper constituency which sustains government officials also.

The total subsidy for Telangana for this and other miscellaneous food schemes is estimated at Rs.1,400_Rs.1,800 crore annually! This is a huge scam known and tolerated by government officials and elected representatives. However, a thoroughgoing reform has been promised by the Telangana CM.

(1) A first step should be to divide the distribution channel for poor BPL/AAY households from the more sophisticated and richer APL households. Telangana should scrap the current ration card system for BPL/AAY and replace it with a simple system of food coupons. The

identification of BPL/AAY beneficiaries must be done at public meetings at the village or ward concerned where everyone is aware of who is poor and who is not.

(2) 12 coupons (one for each month) should be distributed once-in-a-year again at a public meeting. The entitlement of 35 kg per coupon in terms of rice, maize or jowar will be clearly indicated. This will enable the BPL/AAY households to exchange them for 35 kg of the grain selected at any dealer - not just the ration shopkeeper.

(3) The coupons in turn could be exchanged by the dealers at State godowns for equivalent grain and commission (also in grain). The godown computers will have all the details of the bar-coded coupons issued and will be able to detect any counterfeit coupons. With electronic monitoring and barcoding, the coupon scheme has great potential to eliminate waste, corruption and increase the choice of the point of sale for BPL households.

(4) Full issue of 35 kg/month to 25 lakh BPL/AAY households will absorb 87,500 tonne of the 114,000 tonne of monthly Central allocation. Under the National Food Security Act, the Centre is committed to provide BPL ration at only ₹3 (rice), ₹2 (wheat) and ₹1 (maize, jowar) per kg. At these rates, the Telangana Government can give BPL/AAY households rice free. The consequent annual subsidy will amount to ₹315 crore only. Telangana can encourage issue of maize and jowar (locally procured) which are better and healthier grains than rice and the subsidy will be reduced.

(5) This leaves the APL households with the balance 26,500 tonne rice per month out of Central allocation to be sold at ₹8.30 per kg. Since they will get rice at 25 per cent of the market price no state subsidy is needed. APL households can use their present cards at the ration shops.

(6) While ration shopkeepers have been fraudulent and corrupt, one must recognize reality. Unable to cover costs from the commission, they had to indulge in diversion, bogus ration cards, avoiding supply to card holders, etc in order to make a (good) living. Increasing the commissions to ration shopkeepers is advisable as they must be kept honest and not tempted to indulge in fraud. But first they must be investigated thoroughly and fined heavily for their ill-gotten gains.

Telangana state must now seize the opportunity for radical change in food security for its poor. It will reduce, if not eliminate diversion and corruption in this vital food security matter. This will also stand as an example to the rest of the country to follow.

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